

original commission, and if I believe the statements contained therein, there is no equity. The report says the actual value of the property to-day is under \$400,000,000. It is true, they admit the cost of it would be a little over \$400,000,000, but if the depreciation is deducted it is something under \$400,000,000. Of course the liabilities are greater than that, and therefore they infer that the stock has no value whatever; there is no equity in it for Mackenzie and Mann. Well, I am not so sure of that. We must realize that the Canadian Northern have worked at this enterprise for seventeen or eighteen years, and we must realize they have built up a great system. It is true they have been—I was going to use the word "buccaneers," but I think that would hardly be fair—they have in any event "pulled" every one, and every organization, and every government in Canada that could be "pulled" for money. They have "pulled" the provinces, they have "pulled" the municipalities, and now they have the Dominion to stand behind them. At the same time, they have built up a great organization. There is no institution in Canada, with the possible exception of the munitions manufacturers, which has advanced to the same extent as this corporation has in the last three years. I find the gross earnings last year were \$42,319,686.66; the operating expenses were \$30,794,332.08, leaving \$11,525,354.58 net earnings. In 1916 the gross earnings were \$35,476,275.06; operating expenses, \$26,102,744.52; net earnings, \$9,373,530.54. In the year 1915 the gross earnings were \$25,912,106.30; operating expenses, \$19,288,814.42; net earnings, \$6,623,291.88. From 1915 to 1917 the increase in the net earnings has been about forty per cent. I do not believe there is an institution in Canada, outside of the munition plants or something of that kind of an extraordinary nature, that can show such a magnificent increase in business. If you have an institution which can increase its net earnings by forty per cent in three years, surely there must be real business possible for that organization in the future. In five years at that rate of progress the Canadian Northern would take care of itself. It would be paying operating expenses and fixed charges. It might have some difficulty in providing as much money as it would like to provide for betterments, but that is a minor matter. Sometimes it is not in the best interests of people to have too much money to spend for betterments. The Canadian Northern could get along with fifty per cent, if not

with thirty-three per cent, as much money for betterments and operating the railway as the Government of Canada could. For instance, the company could get along without new ballast, without relays of rails. They could put in a few new ties instead of all new ties. They could keep the salaries down instead of building them up. If the road goes over to the Government, all this goes to the junk heap. I believe the Government will spend three times as much as the Canadian Northern would on betterments in the next two years, and probably will not haul any more freight, or earn any more money. Every time you touch the government ownership of anything, you commence to pay out immediately. If I am right in my contention, from any standpoint you may look at it it is better to leave the road with the Canadian Northern rather than take it out of their hands.

I am coming around to the point that, in my judgment, there may be some equity in this thing—I do not know how much it may be. As I said, if you take the Drayton-Acworth report, or the Smith report, there is no equity, because the road has not cost as much as the liabilities amount to; but after all you have a great institution which is increasing its net earnings more rapidly than any other institution in Canada. Is it fair to say to people who have built up an organization like that: "It is true you have an organization which is increasing by leaps and bounds its earning capacity, but we will take it away from you and give you only the actual net cost of the road?" I do not think it is. If that is so, is it reasonable that the people of Canada, in this time of stress, when we need all the money we can lay our hands on, when the great problem of the Finance Minister and of the Government is to get the money which we must get in order to carry on the war—is it reasonable, with your eyes open, to go into a scheme by which you have to provide millions of dollars to pay debts, ten of millions of dollars to provide betterments, and, besides that, pay other ten of millions of dollars, possibly, to the men who have worked up this great organization, on account of the equity which they may have in the stock? I tell you I do not care how you figure it, if you hand this over to an arbitration they will find that Mackenzie and Mann have something in it, and yet I realize, if you take the figures submitted in the report to which I have referred, or any other figures, they can not show that they have actual physical assets that are worth